

The following is an amendment to Section 6.2.2.2 of the CSS Interim Procedural Specifications, effective immediately

Add the following new paragraph (4), as follows:

(4) Special Transition Rule.

(a). Licensee may ship Phase I implementations after January 1, 2000, only pursuant to the following Special Transition Rules:

(i) to replace Phase I implementations originally shipped as part of laptop computers, where such replacement is required due to a defect or other failure of the implementation or of the associated DVD Drive;

(ii) to allow a consumer to up-grade a laptop computer where the consumer's computer was not originally equipped with a DVD Drive and where an RPC Phase I DVD Drive was the only available DVD optional feature of such computer;

(iii) to fill orders pursuant to a contract entered prior to October 1, 1999, where such contract requires Licensee to provide a specified product that was, at the time the contract was entered, equipped with a Phase I implementation and where unilaterally filling such orders with products equipped with Phase II implementations would violate the terms of such contract; or

(iv) to allow Licensee to continue to manufacture and sell laptop computers equipped with Regional Playback Control Phase I DVD Drives for not more than 180 days after January 1, 2000, where the inability of provide laptop computers past January 1, 2000 is due to the temporary unavailability of essential parts or components to allow shifting to the next generation of laptop computer products.

(b) In order to be eligible for this special transition rule (including any of the four conditions set forth in this section), Licensee must file a notice with Licensor stating that it is utilizing one or more of these rules and stating the quantity of its Phase I implementations that will be subject to these rules. In no event may Licensee ship more than 50,000 Phase I implementations after January 1, 2000, pursuant to these special transition rules.

(c) If Licensee is a producer of Phase I implementations, Licensee may produce such implementations pursuant to an order from a CSS Licensee that has filed the notice required above, provided that the total Phase I implementations supplied to such CSS Licensee may not exceed the quantity indicated by such CSS Licensee and provided further that no Phase I implementation may be produced after April 1, 2000. Licensor will establish procedures to allow CSS Licensees to know whether a CSS Licensee placing an order is eligible for the special transition rules and whether the quantity ordered is within the quantity levels noticed to Licensor by such ordering CSS Licensee. Such procedures shall include means to protect the confidentiality of any information designated as such by Licensee or another CSS Licensee.

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